

**MINUTES
of the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 16, 2003
Room 307, State Capitol**

Representative Daniel P. Silva, chairman, called the first meeting of the New Mexico finance authority oversight committee to order at 10:15 a.m. on Monday, June 16, in room 307 of the state capitol.

PRESENT

Rep. Daniel P. Silva, Chair
Sen. Clinton D. Harden, Jr.
Sen. Mary Kay Papen
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Raymond M. Ruiz
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members

Rep. Jose A. Campos
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela
Rep. Robert White

Staff

Renée Gregorio, Legislative Council Service (LCS)
Jon Boller, LCS
Alfred Creecy, LCS

ABSENT

Sen. Pete Campos, Vice Chair
Sen. Manny M. Aragon
Rep. Dona G. Irwin
Sen. Don Kidd
Rep. Brian K. Moore
Rep. Earlene Roberts

Rep. Donald E. Bratton
Rep. Anna M. Crook
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Rep. James G. Taylor

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Chairman Silva welcomed David Harris to his new position as executive director of the New Mexico finance authority (NMFA); Mr. Harris then introduced several members of his staff. He discussed the passage of Senate Judiciary Committee Substitute for Senate Bill 429, which allows the NMFA to make loans without specific legislative authorizations for projects that are considered to be critical economic development projects. The NMFA urgent economic development project rules and regulations were adopted on May 22, 2003 by the board of directors of the authority and approved unanimously by the oversight committee at this meeting. In response to a question regarding what the "urgent" designation means, Mr. Harris pointed out that projects seeking funding under this designation must be certified by the economic development department, showing that the project meets certain criteria that will benefit the concerned community in terms of attracting jobs or otherwise increasing local revenue. It is also required that NMFA determine that the financing of such projects is so urgent that the project could be jeopardized if the financing is delayed until legislative approval is given. In response to a question regarding the maximum amount available to be loaned through this method, Carlos Romero of the NMFA replied that the limit for each loan is \$2 million, with a maximum per fiscal year of \$20 million.

Mr. Romero presented an overview of legislation directly sponsored by the NMFA oversight committee as well as all bills that affect the authority. Committee-sponsored bills that were signed into law include:

- HB 834/a, the public project revolving fund project approval bill, which appropriated a total of \$600 million;
- HB 217, which amends the NMFA statute to expand the definition of "qualified entity" to include acequia associations and public improvement districts; Native American tribes, pueblos and nations; and federally chartered colleges in New Mexico;
- SB 109, which appropriates the state match for the federal Safe Drinking Water Act of 1974 funds; and
- HB 195, which amends the Teacher Housing Revenue Bond Act.

Bills sponsored by the committee that died include the water and wastewater project grant fund approval bill, the water and wastewater planning fund appropriation bill and a bill that would have allowed the NMFA to make loans to school districts.

Several bills were passed by the legislature and signed into law that affect the NMFA. Please see the handout in the meeting file for details of this legislation.

Questions were raised concerning the passage of HB 219, signed into law by the governor, which changes the control and oversight of finances for the NMFA, imposing the same supervision on the authority that state agencies currently have. This weakens the NMFA's status as "separate and apart from the state", possibly making it unfeasible for the authority to issue bonds payable from money received by the NMFA from annual leases of property to state agencies. Mr. Harris stated that anything the authority can do to improve accountability, it would want to do in a public manner. He added that state agencies have a relationship to the department of finance and administration that the NMFA does not have, but that the NMFA has always complied with the state's Audit Act and Procurement Code.

In response to a question on the demise of SB 800, which would have allowed behavioral health clinics to be seen as qualified entities under the Primary Care Capital Funding Act, Mr. Romero stated that most of the entities that would have been affected are nonprofits. As such, they do not have many avenues from which to seek funding. Several committee members expressed concern over this issue, stressing the need for a funding solution for rural primary health care centers that are otherwise suffering in this state.

Ana Marie Ortiz, director of the field operations division of the department of environment, presented an overview of the drinking water state revolving loan fund. She indicated that the federal Safe Drinking Water Act of 1974 is extremely cumbersome to work with, especially for small systems. The drinking water bureau is the primary agency to establish assistance priorities and carry out oversight for the drinking water program. The bureau provides technical assistance and advice to water systems as well as assists them in developing and implementing long-term compliance strategies. At the state level, a program in force now ensures that public water supplies comply with federal and state regulations. Surveys are conducted to assess needs and deficiencies. A waterborne disease surveillance system has been implemented. Fernando Martinez spoke about the state's operator certification program and capacity development program, adding that the goal of the capacity development program is to provide community water systems with the necessary technical, managerial and financial assistance to maintain their capacity and to comply with federal regulations. Capacity development issues that local systems have to contend with include drought, insufficient water system infrastructure, limited financial resources, federal regulations such as the new arsenic standard and a lack of certified water system operators. The other local assistance program discussed was the source water assessment and protection program, which is funded partially from set-asides and includes a wellhead protection program as well as a sanitary survey program, state drinking water information system and waiver program.

Mr. Harris then explained the refinancing of 1995 and 1996 NMFA bonds, due to the current low rates, allowing for a savings of \$1.7 million. He advocated the need for looking at refinancing outstanding debt for severance tax and general obligation bonds while this good interest rate exists.

Lastly, the committee approved the proposed work plan and meeting schedule, with minor changes, including shifting the proposed Clovis meeting to Ruidoso, adding Sunland Park

to the August meeting schedule and changing the final meeting to January 19, 2004.

The meeting was adjourned at 12:40 p.m.